



Mary Taylor, CPA
Auditor of State

**REVERE LOCAL SCHOOL DISTRICT
SUMMIT COUNTY**

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Revere Local School District
Summit County
3496 Everett Road
Bath, Ohio 44210-0340

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of Revere Local School District, Summit County, Ohio, (the District) as of and for the year ended June 30, 2008, which collectively comprise the District's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and the aggregate remaining fund information of Revere Local School District, Summit County, Ohio, as of June 30, 2008, and the respective changes in financial position and where applicable, cash flows, thereof and the budgetary comparison for the General fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2008, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information accounting principles generally accepted in the United States of America requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

We conducted our audit to opine on the financial statements that collectively comprise the District's basic financial statements. The Federal Awards Receipts and Expenditures Schedule is required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. We subjected the Federal Awards Receipts and Expenditures Schedule to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Robert R. Hinkle, CPA
Chief Deputy Auditor

December 15, 2008

Revere Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008
(Unaudited)

The discussion and analysis of the Revere Local School District's (the "School District") financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2008. The intent of this discussion and analysis is to look at the School District's performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key Financial Highlights for 2008 are as follows:

- General Revenues accounted for \$31.8 million in revenue or 93.1% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$2.3 million or 6.9% of total revenues of \$34.1 million.
- Total program expenses for governmental activities were \$32.3 million.
- Net assets increased \$1.9 million or 8.9% over 2007.
- Outstanding bonded debt decreased from \$11.4 million to \$10.5 million through the payment of bond principal.

Using this Annual Report

This annual report consists of the MD&A, the basic financial statements and the notes to the basic financial statements. The basic financial statements include a statement of net assets, a statement of revenues, expenses and changes in net assets, and fund financial statements.

The *Statement of Net Assets* and *Statement of Activities* provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also highlight the School District's most significant funds with all other nonmajor funds presented in total in one column. In the case of the Revere Local School District, the general fund is by far the most significant fund.

Reporting the School District as a Whole

Statement of Net Assets and the Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2008?" The Statement of Net Assets and the Statement of Activities answer this question. These statements include *all assets* and *liabilities* excluding fiduciary funds using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

Revere Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008
(Unaudited)

These two statements report the School District's *net assets* and *changes in those assets*. This change in net assets is important because it tells the reader that, for the School District as a whole, the *financial position* of the School District has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the School District's property tax base, current property tax laws in Ohio which restrict revenue growth, facility conditions, required educational programs, and other factors.

In the Statement of Net Assets and the Statement of Activities, the School District activities are reported as governmental:

- Governmental Activities - Most of the School District's programs and services are reported here, including instruction, support services, operation and maintenance of plant, pupil transportation and extracurricular activities.

Reporting the School District's Most Significant Funds

Fund Financial Statements

Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental fund is the general fund.

Governmental Funds - Most of the School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund which is the School District's only major fund. Data from the other governmental funds are combined into a single, aggregated presentation.

The School District adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The governmental fund financial statements begin on page 14.

Proprietary Funds - The School District maintains one type of proprietary fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the School District's various functions. The School District uses an internal service fund to account for its health insurance benefits and it has been included within the governmental activities in the government-wide financial statements.

Revere Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008
(Unaudited)

The proprietary fund financial statements begin on page 20.

Fiduciary Funds - These funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the School District's own programs. The accounting for the fiduciary funds is much like that used for proprietary funds.

The fiduciary fund financial statements begin on page 23.

Notes to the Financial Statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 25.

The School District as a Whole

Recall that the Statement of Net Assets provides the perspective of the School District as a whole.

Table 1 provides a summary of the School District's net assets for 2008 compared to 2007:

(Table 1)
Net Assets

	Governmental Activities	
	2008	Restated 2007
Assets		
Current and Other Assets	\$ 45,656,559	\$ 43,218,904
Capital Assets	17,015,412	17,654,014
Total Assets	62,671,971	60,872,918
Liabilities		
Long-Term Liabilities	12,618,857	13,446,155
Current and Other Liabilities	27,142,343	26,380,413
Total Liabilities	39,761,200	39,826,568
Net Assets		
Invested in Capital Assets Net of Debt	7,044,524	6,680,383
Restricted	2,948,851	2,289,356
Unrestricted	12,917,396	12,076,611
Total Net Assets	\$ 22,910,771	\$ 21,046,350

Revere Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008
(Unaudited)

Total assets increased by \$1.8 million and liabilities decreased less than \$.1 million with net assets increasing \$1.9 million. A decrease in capital assets of \$.6 million represents depreciation exceeding additional purchases. The increase in assets is mostly due to the timing of receipts and expenditures in the general and permanent improvement funds which increased cash.

Table 2 shows the changes in net assets for fiscal year 2008 compared to 2007.

(Table 2)
Governmental Activities

	2008	2007
Revenues		
<i>Program Revenues:</i>		
Charges for Services	\$ 1,168,150	\$ 1,026,331
Operating Grants	1,192,915	1,260,382
<i>General Revenue:</i>		
Property Taxes	24,345,473	24,928,649
Grants and Entitlements	6,527,407	5,913,997
Other	905,377	976,580
<i>Total Revenues</i>	34,139,322	34,105,939
Program Expenses		
Instruction	17,171,779	17,389,713
Support Services	12,405,658	10,869,785
Operation of Non-Instructional	340,547	328,212
Extracurricular Activities	1,037,859	1,030,942
Food Services	765,926	802,518
Interest and Fiscal Charges	553,132	566,885
<i>Total Expenses</i>	32,274,901	30,988,055
Increase in Net Assets	\$ 1,864,421	\$ 3,117,884

Revenues remained fairly stable while expenditures increased \$1.3 million over fiscal year 2007. Almost all categories of support services increased with the largest in pupil transportation and operation and maintenance.

Governmental Activities

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements. All governmental activity had total revenues of \$34.1 million and expenses of \$32.2 million.

Revere Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008
(Unaudited)

(Table 3)
Governmental Activities

	2008		2007	
	Total Cost of Service	Net Cost of Service	Total Cost of Service	Net Cost of Service
Instruction	\$ 17,171,779	\$ 16,756,955	\$ 17,389,713	\$ 16,718,413
Support Services:				
Pupil and Instructional Staff	2,383,492	1,858,631	2,224,396	2,046,038
Board of Education, Administration				
Fiscal and Business	3,671,981	3,671,981	3,212,388	3,212,388
Operation and Maintenance of Plant	3,870,447	3,832,167	3,143,684	3,128,684
Pupil Transportation and Central	2,479,738	2,469,832	2,289,317	2,289,317
Operation of Non-Instructional Services				
and Food Service Operations	1,106,473	(26,008)	1,130,730	(48,982)
Extracurricular Activities	1,037,859	797,146	1,030,942	788,599
Interest and Fiscal Charges	553,132	553,132	566,885	566,885
Total	\$ 32,274,901	\$ 29,913,836	\$ 30,988,055	\$ 28,701,342

Instruction and Pupil and Instructional Support Services comprise the majority of governmental program expenses totaling \$19.6 million or 60.6%. Interest/Fiscal charges were 1.7%. Interest expense was attributable to the outstanding bonds, and fiscal expenses include payments to the County Fiscal Officer for administrative fees. Pupil transportation, central and the operation/maintenance of plant accounts for \$6.4 million or 19.7% of governmental program expenses.

The dependence upon tax revenues for governmental activities is apparent. The community, as a whole, is by far the primary support for Revere Local School District students.

Financial Analysis of the Government's Funds

Governmental Funds

The focus of the School District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the School District's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the School District's net resources available for spending at year-end.

The School District's governmental funds (as presented on the balance sheet on page 14) reported a total fund balance of \$15.7 million, which is \$1.2 million or 8.2% over last year's balance of \$14.5 million. The most significant change within the School District's funds was reported in the major General fund with an increase in fund balance of \$.7 million.

Revere Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008
(Unaudited)

Major Funds

The general fund is the main operating fund of the School District. At the end of fiscal year 2008, the fund balance in the general fund was \$13.0 million. Although expenditures increased more than \$1 million over 2007, revenues and other financing sources exceeded expenditures and other financing uses for increase in fund balance of \$.7 million or 5.7%.

General Fund Budgeting Highlights

The School District's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the general fund.

The School District uses site-based budgeting, which is designed to tightly control total expenditures but provide flexibility for administrators at the building level. Total expenditures in the general fund were 2.1% or \$.6 million under the final budget adopted by the Board of Education. The most significant favorable variance occurred in special instruction and pupil support. For the general fund, original budget basis revenue was \$28.5 million compared to the final budget of \$29.7 million with the largest differences in intergovernmental revenue and investment income.

A detailed Statement of Revenue and Expenditures report is prepared by the Treasurer's Office annually for the Board of Education and Administrative Team. This report is utilized to present the annual budget for approval and to track historical performance. The budget to actual reports, SM1 and SM2, are the budgetary tools used for revenue/expenditure analysis and tracking during the fiscal year.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2008, the School District had \$17.0 million invested in land, buildings, furniture and equipment and vehicles for the governmental activities. Table 4 shows fiscal year 2008 balances compared with 2007 net of depreciation.

(Table 4)
Capital Assets at June 30
(Net of Depreciation)

	2008	Restated 2007
Land	\$ 1,900,942	\$ 1,900,942
Land Improvements	1,207,428	1,283,991
Buildings and Improvements	12,607,646	13,154,569
Furniture and Equipment	747,027	932,640
Vehicles	552,369	381,872
Totals	\$ 17,015,412	\$ 17,654,014

Revere Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008
(Unaudited)

The \$.6 million decrease in capital assets was attributable to depreciation expense exceeding additional purchases. For additional information, see Note 8.

Debt

At June 30, 2008, the School District had \$9.9 million in bonds outstanding and \$.6 million in unamortized bond premiums with \$.9 million due within one year. During fiscal year 2008, \$.9 million of general obligation bonds were retired. Table 5 summarizes bonds outstanding.

(Table 5)
Outstanding Debt, at June 30

	2008	2007
General Obligation Bonds:		
1993 Additions/Renovations	\$ 99,321	\$ 204,791
Bond Refunding	9,025,000	9,785,000
Capital Appreciation Bonds	599,880	599,880
Accretion on Capital		
Appreciation Bonds	219,655	164,758
Unamortized Bond Premiums	550,103	616,782
Totals	\$ 10,493,959	\$ 11,371,211

The proceeds of the 1993 bond issues were utilized for renovations of Hillcrest Elementary, the Middle School and the High School.

In October 2003, based upon a favorable interest rate environment, the School District refinanced the majority of the bonds. In a refinance transaction the original term and current dollar amount of bonds cannot exceed the original issuance. The savings to the constituents of the School District through the refinance transaction was \$1.8 million. Through the refinance transaction the School District's bond rating was upgraded from Baa1 to A2 from Moody's rating committee. The School District's legal debt margin for fiscal year 2008 was \$75,188,738. See Note 13 for additional information.

Current Issues

The Revere Local School District is a "zero percent" State share district and receives State funding on what is called the funding guarantee. The funding guarantee payment is fixed and represents only 5.3% of general fund revenue if excluding the transportation reimbursement of \$642,000. This status, as a zero share district, is assigned to the District because of high property values. In the funding formula property values, as a measure, divided by student enrollment results in a valuation figure on a per pupil basis. Revere's valuation per pupil at \$331,000 is significantly above the State average. The assessed property values for calendar year 2008 payable in 2009, are \$972,205,806. The ramifications associated with being a "zero percent" School District are extremely detrimental as it relates to funding from the State. The major ramifications are as follows: our State funding is capped without needed increases to offset inflationary pressures, we receive no new money as new students enter the School District, there is no supplemental funding for special needs students and the funding burden is shifted to local taxes instead of being a shared responsibility with the State.

Revere Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008
(Unaudited)

The School District continues to receive strong support from the residents of the school district through local property taxes. As the preceding information describes, the School District relies heavily on its local property taxpayers. The last operating levy for new money passed by the residents of the School District was a 6.9 mill, fixed term, five year Emergency Levy in August 2001. The levy generates \$4.6 million annually. As an emergency levy, the annual collection remains flat and does not grow as new value is added through new construction. At the time of passage in 2001 it was projected that this levy would provide adequate operating revenue to support district operations, without any additional new levies, through fiscal year 2004. Based upon the current five year forecast this levy will support current operations through fiscal year 2010 at which time new money will be needed. This emergency levy was placed on the ballot in November of 2005 for renewal and was approved overwhelmingly with a vote of 2 to 1. The most recent five year forecast approved in October of 2008 and the related assumptions, indicate that the School District will request a new operating levy in calendar year 2009 or 2010 with a collection effective for tax year 2010. It must be noted that the District has been able to stretch out its levy cycle, the time span between requests for new money, to eight years which is unprecedented based upon the school funding model in Ohio. This was accomplished through effective budget management as well as continuous growth in the districts property tax base. The millage requirement for this new levy is projected to exceed 6 mills but the final millage would depend upon several factors including the growth of new valuation both residential and commercial as well as the impact of sweeping tax reform contained in HB 66 and approved by the legislature in 2005. It must also be stated that the continuing debate over school funding in Ohio continues and that the impact of this outcome is unknown. Any reader of these financial statements must also be cognizant of the significant economic decline facing our country and most significantly the State of Ohio. As of the publication of this report, the State of Ohio is projecting the need for budget cuts of 25% or more in reaction to declining revenues.

With House Bill 920 (passed in 1976) current levies do not provide inflationary revenue growth as valuation increases with the exception of inside millage and new construction. As an example, a homeowner with a home valued at \$100,000 and taxed at 1.0 mill would pay \$35.00 annually in taxes. If three years later the home was reappraised and the home's market value increased to \$200,000 (assuming this inflationary increase in value is comparable to other property owners) the effective tax rate would become .5 mills and the owner would still pay \$35.00. The impact of HB 920 is negated when the District falls to what is referred to as the 20 Mill Floor. Based on property value increases due to re-appraisal, the Revere LSD has moved to the 20 mill floor on residential property classes but not on all classes of property. Consequently, the District has initiated an informational campaign to explain this phenomenon to its constituents. With the recent collapse of real estate values, the re-appraisal conducted in Summit County in 2008 will have significant ramifications, especially in regard to the 20 mill floor concept.

Thus, as a School District heavily dependent upon property taxes, we are hampered by a lack of revenue growth yet faced with annual increases in cost that can not be controlled (health care, utilities, negotiated agreements, fuel costs) and must return to the voters to maintain a constant level of service. Property taxes made up 71% of revenues for governmental activities for the School District in fiscal year 2008. Within the frame work of both short range and long range planning, management has diligently worked to control expenses and reduce costs where possible. With this effort we have been able to extend the period of time before which a new operating levy will be placed on the ballot. The ability to control costs is made increasingly difficult with mandates in gifted education, rising utility costs, increased special education services required for our students and national health care trends.

Revere Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008
(Unaudited)

From a State funding perspective, the State of Ohio was found by the Ohio Supreme Court in March of 1997 and in three subsequent rulings to be operating an unconstitutional education system, one that was neither "adequate" nor "equitable". Although some changes have been made in school funding it is clear that the State has not met the directives mandated by the Ohio Supreme Court. The number of school systems on the ballot grows each year which is symptomatic of the root problems in school funding in Ohio.

The Revere Local School District does not anticipate any meaningful growth in income from State revenue. The concern is that, to meet the requirements of the Court, rather the State may require redistribution of state funding based upon each district's property wealth. This could have a significant impact on the Revere Local School District. How the legislature plans to fund educational programs with a revised tax structure under HB 66 and a weakened economy remains a concern. This concern is further heightened by the real estate market by regionally and nationally especially in light of the District's over reliance on property tax values.

All scenarios require management to plan carefully and prudently to provide the resources to meet student needs over the upcoming years. Decisions can not be made by looking only at the impact to the current years financial forecast but must be projected forward on a long term basis to fully understand the impact and feasibility of current fiscal strategies.

The School District is fortunate that it's systems of budgeting and internal controls are well regarded and embraced by the Board of Education, its administrative team and staff. All of the School District's financial abilities and resources will be needed to meet the challenges of the future for the benefit of our students.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Treasurer of Revere Local School District, P.O. Box 340, Bath, OH 44210.

Revere Local School District
Statement of Net Assets
June 30, 2008

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 19,606,810
Cash and Cash Equivalents:	
With Fiscal Agents	23,386
Receivables:	
Taxes	25,475,156
Accounts	14,864
Interest	15,945
Intergovernmental	216,982
Deferred Charge - Issuance Costs	303,416
Nondepreciable Capital Assets	1,900,942
Depreciable Capital Assets (Net)	15,114,470
 <i>Total Assets</i>	 62,671,971
Liabilities	
Accounts Payable	192,896
Accrued Wages and Benefits	2,573,739
Vacation Benefits Payable	86,917
Intergovernmental Payable	871,880
Deferred Revenue	22,750,530
Matured Bonds Payable	20,000
Matured Interest Payable	3,386
Claims Payable	524,199
Matured Compensated Absences	118,796
Long Term Liabilities:	
Due Within One Year	1,018,436
Due In More Than One Year	11,600,421
 <i>Total Liabilities</i>	 39,761,200
Net Assets	
Invested in Capital Assets, Net of Related Debt	7,044,524
Restricted for:	
Capital Outlay	1,882,771
Debt Service	679,856
Other Purposes	386,224
Unrestricted	12,917,396
 <i>Total Net Assets</i>	 \$ 22,910,771

See accompanying notes to the basic financial statements.

Revere Local School District
Statement of Activities
For the Fiscal Year Ended June 30, 2008

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental Activities				
Current:				
Instruction:				
Regular	\$ 13,807,108	\$ 204,050	\$ 42,977	\$ (13,560,081)
Special	2,494,702	0	167,797	(2,326,905)
Vocational	426,427	0	0	(426,427)
Other	443,542	0	0	(443,542)
Support services:				
Pupils	1,554,159	0	481,803	(1,072,356)
Instructional staff	829,333	0	43,058	(786,275)
Board of education	371,562	0	0	(371,562)
Administration	2,318,431	0	0	(2,318,431)
Fiscal	907,869	0	0	(907,869)
Business	74,119	0	0	(74,119)
Operation and maintenance of plant	3,870,447	6,600	31,680	(3,832,167)
Pupil transportation	2,235,490	0	0	(2,235,490)
Central	244,248	0	9,906	(234,342)
Operation of non-instructional services	340,547	132,744	307,325	99,522
Food service operations	765,926	612,540	79,872	(73,514)
Extracurricular activities	1,037,859	212,216	28,497	(797,146)
Interest and fiscal charges	516,354	0	0	(516,354)
Refunding bond issuance costs	36,778	0	0	(36,778)
<i>Total Governmental Activities</i>	<u>\$ 32,274,901</u>	<u>\$ 1,168,150</u>	<u>\$ 1,192,915</u>	<u>(29,913,836)</u>

General Revenues

Property Taxes Levied for:	
General Purposes	21,994,703
Debt Service	1,221,019
Capital Outlay	1,129,751
Grants and Entitlements not Restricted	
to Specific Programs	6,527,407
Investment Earnings	861,222
Miscellaneous	44,155
Total General Revenues	<u>31,778,257</u>
Change in Net Assets	1,864,421
Net Assets Beginning of Year (Restated, See Note 3)	<u>21,046,350</u>
Net Assets End of Year	<u>\$ 22,910,771</u>

See accompanying notes to the basic financial statements.

Revere Local School District
Balance Sheet
Governmental Funds
June 30, 2008

	General	Other Governmental Funds	Total Governmental Funds
Assets			
Equity in Pooled Cash and Cash Equivalents	\$ 14,611,542	\$ 2,580,663	\$ 17,192,205
Cash and Cash Equivalents:			
With Fiscal Agents	0	23,386	23,386
Receivables:			
Taxes	22,966,194	2,508,962	25,475,156
Accounts	13,994	870	14,864
Interfund	11,800	0	11,800
Interest	15,945	0	15,945
Intergovernmental	0	216,982	216,982
<i>Total Assets</i>	<u>\$ 37,619,475</u>	<u>\$ 5,330,863</u>	<u>\$ 42,950,338</u>
Liabilities and Fund Balances			
Liabilities			
Accounts Payable	\$ 143,605	\$ 48,124	\$ 191,729
Accrued Wages and Benefits	2,537,179	36,560	2,573,739
Intergovernmental Payable	838,231	33,649	871,880
Interfund Payable	0	11,800	11,800
Deferred Revenue	20,974,648	2,487,420	23,462,068
Matured Compensated Absences	115,927	2,869	118,796
Matured Bonds Payable	0	20,000	20,000
Matured Interest Payable	0	3,386	3,386
<i>Total Liabilities</i>	24,609,590	2,643,808	27,253,398
Fund Balances			
Fund Balance:			
Reserved for Encumbrances	1,045,310	168,803	1,214,113
Reserved for Tax Revenue Unavailable for Appropriation	1,991,546	206,183	2,197,729
Unreserved, Undesignated, Reported in:			
General Fund	9,973,029	0	9,973,029
Special Revenue Funds	0	82,091	82,091
Debt Service Fund	0	548,217	548,217
Capital Projects Funds	0	1,681,761	1,681,761
<i>Total Fund Balances</i>	<u>13,009,885</u>	<u>2,687,055</u>	<u>15,696,940</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 37,619,475</u>	<u>\$ 5,330,863</u>	<u>\$ 42,950,338</u>

See accompanying notes to the basic financial statements.

Revere Local School District
*Reconciliation of Total Governmental Fund Balances to
 Net Assets of Governmental Activities
 June 30, 2008*

Total Governmental Fund Balances		\$ 15,696,940
 <i>Amounts reported for governmental activities in the statement of net assets are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds		17,015,412
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		
Grants	\$ 184,641	
Delinquent Property Taxes	526,897	
Refunding Issuance Costs	303,416	1,014,954
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
General Obligation Bonds	(9,124,321)	
Capital Appreciation Bonds	(599,880)	
Unamortized Premium	(550,103)	
Accretion on Capital Appreciation Bonds	(219,655)	
Compensated Absences	(2,124,898)	
Vacation Benefits Payable	(86,917)	(12,705,774)
An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets.		1,889,239
Net Assets of Governmental Activities		\$ 22,910,771

See accompanying notes to the basic financial statements.

Revere Local School District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2008

	General	Other Governmental Funds	Total Governmental Funds
Revenues:			
Taxes	\$ 21,983,152	\$ 2,341,444	\$ 24,324,596
Intergovernmental	6,216,722	1,409,712	7,626,434
Investment income	860,265	2,741	863,006
Tuition and fees	102,456	132,744	235,200
Extracurricular activities	0	212,216	212,216
Rentals	70,370	6,600	76,970
Charges for services	0	612,539	612,539
Gifts and donations	0	28,497	28,497
Miscellaneous	37,889	6,266	44,155
<i>Total Revenues</i>	<u>29,270,854</u>	<u>4,752,759</u>	<u>34,023,613</u>
Expenditures:			
Current:			
Instruction:			
Regular	13,247,072	204,663	13,451,735
Special	2,364,226	176,601	2,540,827
Vocational	431,749	0	431,749
Other	443,542	0	443,542
Support services:			
Pupils	1,379,040	182,631	1,561,671
Instructional staff	677,727	152,645	830,372
Board of education	371,562	0	371,562
Administration	2,211,393	73,635	2,285,028
Fiscal	863,627	35,273	898,900
Business	74,119	0	74,119
Operation and maintenance of plant	3,329,171	336,405	3,665,576
Pupil transportation	2,064,359	357,463	2,421,822
Central	232,133	9,907	242,040
Operation of non-instructional services:			
Community services	0	343,959	343,959
Food service operations	0	758,267	758,267
Extracurricular activities	742,382	301,439	1,043,821
Capital outlay	10,260	0	10,260
Debt service:			
Principal retirement	0	972,842	972,842
Interest and fiscal charges	0	528,136	528,136
<i>Total Expenditures</i>	<u>28,442,362</u>	<u>4,433,866</u>	<u>32,876,228</u>
<i>Excess of Revenues Over Expenditures</i>	828,492	318,893	1,147,385
Other Financing Sources (Uses):			
Transfers in	0	145,000	145,000
Proceeds from Sale of Capital Assets	4,658	0	4,658
Insurance Recoveries	10,373	0	10,373
Transfers out	(145,000)	0	(145,000)
<i>Total Other Financing Sources and (Uses)</i>	<u>(129,969)</u>	<u>145,000</u>	<u>15,031</u>
<i>Net Change in Fund Balance</i>	698,523	463,893	1,162,416
<i>Fund balance at beginning of year</i>	<u>12,311,362</u>	<u>2,223,162</u>	<u>14,534,524</u>
<i>Fund balance at end of year</i>	<u>\$ 13,009,885</u>	<u>\$ 2,687,055</u>	<u>\$ 15,696,940</u>

See accompanying notes to the basic financial statements.

Revere Local School District
Reconciliation of the Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2008

Net Change in Fund Balances - Total Governmental Funds	\$	1,162,416
 <i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.		
Capital Asset Additions	\$ 307,723	
Current Year Depreciation	<u>(946,325)</u>	(638,602)
 Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds		
Grants	94,833	
Delinquent Property Taxes	<u>20,876</u>	115,709
 Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.		
Bond Principal	865,470	
Capital Lease	<u>107,372</u>	972,842
 Some expenses reported in the statement of net activities do not use the current financial resources and therefore are not reported as expenditures in governmental funds.		
Increase in Bond Accretion	(54,897)	
Decrease in Bond Premium Amortization	66,679	
Increase in Amortization of Bond Issuance Costs	(36,778)	
Increase in Compensated Absences	(157,326)	
Increase in Vacation Benefits Payable	<u>(37,962)</u>	(220,284)
 The internal service fund used by management to charge the costs of insurance to individual funds is not reported in the district-wide statement of activities. The net revenue (expense) of internal service funds is reported with governmental activities.		
		<u>472,340</u>
 Change in Net Assets of Governmental Activities	 \$	 <u><u>1,864,421</u></u>

See accompanying notes to the basic financial statements.

Revere Local School District
*Statement of Revenues, Expenditures, and Changes in Fund Balance -
 Budget (Non-GAAP Basis) and Actual
 General Fund
 For the Fiscal Year Ended June 30, 2008*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Taxes	\$ 21,931,728	\$ 22,352,875	\$ 22,352,875	\$ 0
Intergovernmental	5,869,626	6,216,722	6,216,722	0
Investment income	464,630	943,223	943,223	0
Tuition and fees	90,000	92,087	92,087	0
Rentals	75,210	75,210	75,210	0
Miscellaneous	26,011	38,218	38,218	0
<i>Total Revenues</i>	<u>28,457,205</u>	<u>29,718,335</u>	<u>29,718,335</u>	<u>0</u>
Expenditures:				
Current				
Instruction:				
Regular	14,797,298	13,353,474	13,347,626	5,848
Special	2,312,713	2,538,990	2,401,756	137,234
Vocational	402,425	431,573	430,361	1,212
Other	928,793	928,793	905,762	23,031
Support services				
Pupils	1,560,492	1,669,191	1,445,564	223,627
Instructional staff	715,832	905,314	872,414	32,900
Board of education	351,906	518,797	451,014	67,783
Administration	1,950,975	2,239,308	2,210,002	29,306
Fiscal	818,134	890,213	876,688	13,525
Business	141,189	101,188	78,639	22,549
Operation and maintenance of plant	3,327,302	3,477,233	3,429,689	47,544
Pupil transportation	2,061,272	2,261,321	2,254,090	7,231
Central	195,767	231,422	230,692	730
Extracurricular activities	704,868	747,510	747,133	377
Capital outlay	50,000	38,201	21,800	16,401
<i>Total Expenditures</i>	<u>30,318,966</u>	<u>30,332,528</u>	<u>29,703,230</u>	<u>629,298</u>
Excess of Revenues Over (Under) Expenditures	(1,861,761)	(614,193)	15,105	629,298
Other Financing Sources (Uses):				
Proceeds from sale of capital assets	0	4,658	4,658	0
Refund of prior year expenditures	0	8,405	8,405	0
Insurance recoveries	0	10,373	10,373	0
Advances in	33,622	255,158	255,158	0
Advances out	(55,000)	(156,799)	(156,799)	0
Transfers out	(140,866)	(145,000)	(145,000)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(162,244)</u>	<u>(23,205)</u>	<u>(23,205)</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(2,024,005)	(637,398)	(8,100)	629,298
<i>Fund Balance at Beginning of Year</i>	12,267,867	12,267,867	12,267,867	0
Prior Year Encumbrances Appropriated	1,152,798	1,152,798	1,152,798	0
<i>Fund Balance at End of Year</i>	<u>\$ 11,396,660</u>	<u>\$ 12,783,267</u>	<u>\$ 13,412,565</u>	<u>\$ 629,298</u>

See accompanying notes to the basic financial statements.

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Revere Local School District
Statement of Net Assets
Proprietary Fund
June 30, 2008

	<u>Governmental Activities Internal Service Fund</u>
Assets	
<i>Current</i>	
Equity in Pooled Cash and Cash Equivalents	\$ 2,414,605
<i>Total Assets</i>	<u>2,414,605</u>
Liabilities	
<i>Current</i>	
Accounts Payable	1,167
Claims Payable	<u>524,199</u>
<i>Total Liabilities</i>	<u>525,366</u>
Net Assets	
Unrestricted	<u>1,889,239</u>
<i>Total Net Assets</i>	<u>\$ 1,889,239</u>

See accompanying notes to the basic financial statements.

Revere Local School District
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Fund
For the Fiscal Year Ended June 30, 2008

	Governmental Activities
	Internal Service Fund
Operating Revenues:	
Charges for services	\$ 3,278,884
<i>Total Operating Revenues</i>	<i>3,278,884</i>
Operating Expenses:	
Purchased services	423,291
Claims	2,383,253
<i>Total Operating Expenses</i>	<i>2,806,544</i>
Operating income	472,340
<i>Change in Net Assets</i>	<i>472,340</i>
<i>Net Assets Beginning of Year</i>	<i>1,416,899</i>
<i>Net Assets End of Year</i>	<i>\$ 1,889,239</i>

See accompanying notes to the basic financial statements.

Revere Local School District
Statement of Cash Flows
Proprietary Fund
For the Fiscal Year Ended June 30, 2008

	Governmental Activities
	Internal Service Fund
Cash Flows From Operating Activities:	
Cash Received from Charges for Services	\$ 3,278,884
Cash Paid for Goods and Services	(422,124)
Cash Paid for Claims	(2,342,936)
	513,824
<i>Net Cash Provided By Operating Activities</i>	<i>513,824</i>
Cash Flows From Non-Capital Financing Activities	
Advances to Other Funds	(14,000)
	(14,000)
<i>Net Cash Used For Non-Capital Activities</i>	<i>(14,000)</i>
<i>Net Increase in Cash and Cash Equivalents</i>	<i>499,824</i>
<i>Cash and Cash Equivalents at Beginning of Year</i>	<i>1,914,781</i>
<i>Cash and Cash Equivalents at End of Year</i>	<i>\$ 2,414,605</i>
Reconciliation of Operating Income to Net Cash Provided By Operating Activities:	
Operating Income	\$ 472,340
Adjustments:	
Increase (Decrease) in Liabilities	
Accounts Payable	1,167
Claims Payable	40,317
	41,484
<i>Total Adjustments</i>	<i>41,484</i>
<i>Net Cash Provided By Operating Activities</i>	<i>\$ 513,824</i>

See accompanying notes to the basic financial statements.

Revere Local School District
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2008

	Private Purpose Trust	
	Scholarship	Agency
Assets		
Equity in Pooled Cash and Cash Equivalents	\$ 18,031	\$ 93,706
Liabilities		
Undistributed Monies	\$ 0	\$ 1,782
Due to Students	0	91,924
<i>Total Liabilities</i>	\$ 0	\$ 93,706
Net Assets		
Held in Trust for Scholarships	18,031	
<i>Total Net Assets</i>	\$ 18,031	

See accompanying notes to the basic financial statements.

Revere Local School District
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Fiscal Year Ended June 30, 2008

	Private Purpose Trust
	Scholarship
Additions	
Interest	\$ 631
Deductions	
Payments in Accordance with Trust Agreements	1,000
<i>Change in Net Assets</i>	(369)
<i>Net Assets Beginning of Year</i>	18,400
<i>Net Assets End of Year</i>	\$ 18,031

See accompanying notes to the basic financial statements.

Revere Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

Note 1 – Description of the School District

The Revere Local School District (the "School District") is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The School District is a local district as defined by Section 3311.03 of the Ohio Revised Code. The School District is located in Summit County and encompasses the Village of Richfield, Richfield Township, and Bath Township. The School District operates under a locally-elected five member board form of government and provides educational services as authorized and mandated by State and Federal agencies. The Board controls the School District's four instructional/support facilities staffed by 116 classified 209 certificated teaching personnel, and 14 administrators, who provide services to community members and 2,884 students.

Reporting Entity

A reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the School District consists of all funds, departments, boards and agencies that are not legally separate from the School District. For the School District, this includes general operations, food service and student related activities.

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization's resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt or the levying of taxes for the organization. The School District has no component units. The following activities are included within the reporting entity:

Nonpublic School - Within the School District boundaries, Old Trail School is operated as a nonpublic school. Current State legislation provides funding to this school. This money is received and disbursed on behalf of the school by the Treasurer of the School District, as directed by the school. The activity of this State money is reflected in a special revenue fund by the School District for financial reporting purposes.

The School District is associated with the Northeastern Ohio Network, the Cuyahoga Valley Career Center and the Ohio Schools Council, which are defined as jointly governed organizations. See Note 17.

Revere Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

Note 2 - Summary of Significant Accounting Policies

The financial statements of the School District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The School District also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, to its governmental activities and proprietary fund provided they do not conflict with or contradict GASB pronouncements.

The most significant of the School District's accounting policies are described below.

A. Basis of Presentation

The School District's basic financial statements consist of government-wide statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-wide Financial Statements The statement of net assets and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The activity of the internal service fund is also eliminated to avoid "doubling up" revenues and expenses.

The statement of net assets presents the financial condition of the governmental activities of the School District at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the School District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the School District, with certain limitations. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the School District.

Fund Financial Statements During the year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the School District at this more detailed level. The focus of governmental financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. The internal service fund is presented in a single column on the face of the proprietary fund statements. Fiduciary funds are reported by type.

B. Fund Accounting

The School District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts. There are three categories of funds: governmental, proprietary and fiduciary.

Revere Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

Governmental Funds Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following is the School District's only major governmental fund:

General Fund The general fund accounts for all financial resources except those required to be accounted for in another fund. The general fund balance is available to the School District for any purpose provided it is expended or transferred according to the general laws of Ohio.

The other governmental funds of the School District account for grants and other resources whose use is restricted to a particular purpose.

Proprietary Fund Type Proprietary fund reporting focuses on the determination of operating income, changes in net asset, financial position and cash flows. The following is the School District's only proprietary fund type:

Internal Service Fund The internal service fund accounts for the financing of services provided by one department or agency to other departments or agencies of the School District on a cost reimbursement basis. The School District's only internal service fund accounts for a self-insurance program for employee medical, dental, and prescription drug benefits.

Fiduciary Funds Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds and agency funds. Trust funds are used to account for assets held by the School District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the School District's own programs. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The School District's fiduciary funds are private purpose trust scholarship fund and agency funds. The School District's agency funds account for student advance placement testing and student activities.

C. Measurement Focus

Government-wide Financial Statements The government-wide financial statements are prepared using the economic resources measurement focus. All non fiduciary assets and all liabilities associated with the operation of the School District are included on the statement of net assets.

Fund Financial Statements All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Revere Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

Like the government-wide statements, the internal service fund is accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of this fund is included on the statement of net assets. The statement of changes in fund net assets presents increases (i.e., revenues) and decreases (i.e., expenses) in total net assets. The statement of cash flows provides information about how the School District finances and meets the cash flow needs of its proprietary fund activities. Private-purpose trust funds are reported using the economic resources management focus.

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary and fiduciary funds also use the accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

Revenues - Exchange and Non-Exchange Transactions Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the School District, available means expected to be received within sixty days of the fiscal year-end.

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied. (See Note 6) Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: property taxes available as an advance, interest, tuition, grants, student fees and rentals.

Deferred Revenue Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Property taxes for which there is an enforceable legal claim as of June 30, 2008, but which were levied to finance fiscal year 2009 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

On governmental fund financial statements, receivables that will not be collected within the available period have also been reported as deferred revenue.

Revere Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

Expenses/Expenditures On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported in the fund financial statements as intergovernmental revenue and an expenditure of food service operations. In addition, this amount is reported on the statement of activities as an expense with a like amount reported within the "Operating Grants and Contributions" program revenue account.

Under the modified accrual basis, the measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

E. Cash and Cash Equivalents

To improve cash management, cash received by the School District is pooled. Monies for all funds, including proprietary funds, are maintained in this pool. Individual fund integrity is maintained through School District records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents". The School District utilizes a financial institution to service bonded debt as principal and interest payments come due. The balance in this account is presented on the Financial Statements as "Cash and Cash Equivalents with Fiscal Agent."

During fiscal year 2008, investments were limited to repurchase agreements, Federal Home Loan Bank Notes, Federal Home Loan MC, Federal National Mortgage, Commercial Paper and STAROhio, (the State Treasurer's Investment Pool).

Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices.

For presentation on the financial statements, investments of the cash management pool and investments with maturity of three months or less at the time they are purchased by the School District are considered to be cash equivalents. Investments with an initial maturity of more than three months that are not purchased from the pool are reported as investments.

Following Ohio statutes, the Board of Education has, by resolution, identified the funds to receive an allocation of interest. Interest revenue credited to the general fund during fiscal year 2008 amounted to \$860,265 which includes \$121,393 assigned from other School District funds.

F. Restricted Assets

Assets are reported as restricted when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments or imposed by enabling legislation. Restricted assets include amounts required by statute to be set-aside for the purchase of textbooks and capital improvements. See Note 19 for additional information regarding set asides. The School District has no restricted assets for 2008.

Revere Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

G. Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of five thousand dollars. The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

All reported capital assets except land are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Land Improvements	10 - 20 Years
Buildings and Improvements	10 - 40 Years
Furniture and Equipment	5 - 20 Years
Vehicles	8 Years

H. Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables." These amounts are eliminated in the governmental activities column of the statement of net assets.

I. Compensated Absences

The School District reports compensated absences in accordance with the provisions of GASB No. 16, "Accounting for Compensated Absences". Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means.

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are eligible to receive termination benefits and those the School District had identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year end, taking into consideration any limits specified in the School District's termination policy. The School District records a liability for accumulated unused sick leave at the following rates: 70 percent for employees with 1 to 10 years of service, 90 percent for employees with 11 to 20 years of service, 98 percent for employees with 21 or more of service, based on historical employment trends.

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The entire compensated absence liability is reported on the government-wide financial statements. In governmental funds, the liability for unpaid compensated absences is the amount that is normally expected to be paid using expendable available financial resources.

J. Accrued Liabilities and Long-term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements and all payables, accrued liabilities and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, claims and judgments, and compensated absences, that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current fiscal year. Bonds are recognized as a liability on the fund financial statements when due.

K. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net assets restricted for other purposes are primarily for instruction of students.

The School District applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

L. Fund Balance Reserves

The School District reserves those portions of fund equity which are legally segregated for specific future use or which do not represent available expendable resources and therefore are not available for appropriations for expenditures. Unreserved fund balance indicates that portion of fund equity, which is available for appropriation, in future periods. Fund balance reserves are established for encumbrances and tax revenue unavailable for appropriation.

M. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary fund. For the School District, these revenues include charges for services for self-insurance programs. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the fund. All revenues and expenses not meeting this definition are reported as nonoperating.

N. Interfund Activity

Transfers between governmental activities on the government-wide statements are eliminated.

Revere Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

O. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal 2008.

P. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Q. Budgetary Data

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the alternative tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than agency funds, are legally required to be budgeted and appropriated. Throughout the fiscal year, the primary level of budgetary control was at the fund level. Budgetary modifications may only be made by resolution of the Board of Education.

Tax Budget Prior to January 15, the Superintendent and Treasurer submit to the Board a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The express purpose of this budget document is to reflect the need for existing or increased tax rates. By no later than January 20, the Board-adopted budget is filed with the Summit County Budget Commission for rate determination.

Estimated Resources The County Budget Commission determines if the budget substantiates a need to levy all or part of previously authorized taxes and reviews estimated revenue. The Commission certifies its actions to the District by March 1. As part of the certification, the District receives the official certificate of estimated resources which states the projected revenue of each fund. Prior to June 30, the District must revise its budget ensuring that the total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation measure. On or about July 1, the certificate of estimated resources is amended to include any unencumbered balances from the preceding year. The certificate may be further amended during the year if a new source of revenue is identified or

Revere Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

actual receipts exceed current estimates. The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts in the amended certificate when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2008.

Appropriations A temporary appropriations measure to control expenditures may be passed on or about July 1 of each year for the period July 1 to September 30. An annual appropriation resolution must be passed by October 1 of each year for the period July 1 to June 30. The appropriation resolution fixes spending authority at the legal level of control and may be amended during the year as new information becomes available provided that total fund appropriations do not exceed current estimated resources, as certified. The total of expenditures and encumbrances may not exceed appropriations at the legal level of control. Any revisions that alter the total of any fund appropriation must be approved by the Board of Education. The Board may pass supplemental fund appropriations provided the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources. The amounts reported as the original budgeted amounts in the budgetary statements reflect the appropriation in the first complete appropriated budget, including amounts automatically carried over from prior years. The amounts reported as the final budgeted amounts in the statements of budgetary comparisons represent the final appropriation amounts, including all supplemental appropriations. Formal budgetary integration is employed as a management control device during the year for all funds other than agency funds, consistent with statutory provisions.

Encumbrances As part of formal budgetary control, purchase orders, contracts, and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. On fund financial statements, encumbrances outstanding at year end are reported as a reservation of fund balance for subsequent-year expenditures for governmental funds. A reserve for encumbrances is not reported on government-wide financial statements.

Lapsing of Appropriations At the close of each year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriation. Encumbered appropriations are carried forward to the succeeding fiscal year and need not be reappropriated.

R. Implementation of New Accounting Policies

For the year ended 2008, the School District has implemented GASB Statement No. 45, “*Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*”, GASB Statement No. 48, “*Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*”, GASB Statement No. 49, “*Accounting and Financial Reporting for Pollution Remediation Obligations*”, and GASB Statement No. 50, “*Pension Disclosures – an amendment of GASB Statements No. 25 and No. 27.*”

GASB Statement No. 45 provides guidance on all aspects of Other Postemployment Benefits (OPEB) reporting by employers. This Statement establishes standards for the measurement, recognition, and display of OPEB expense/expenditures and related liabilities (assets), note disclosures, and, if applicable, required supplementary information (RSI) in the financial reports of state and local governmental employers.

Revere Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

GASB Statement No. 48 provides guidance on accounting for sales and pledges of receivables and future revenues. The Statement also requires governments to disclose in the notes to the financial statements the amount of future revenues that have been pledged or sold.

GASB Statement No. 49 provides guidance on how to calculate and report the costs and obligations associated with pollution cleanup efforts.

GASB Statement No. 50 more closely aligns the financial reporting requirements for pensions with those for other postemployment benefits (OPEB) and, in doing so, enhances information disclosed in notes to financial statements or presented as required supplementary information (RSI) by pension plans and by employers that provide pension benefits. The reporting changes required by this Statement amend applicable note disclosure and RSI requirements of GASB Statement No. 25, *“Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans”*, and GASB Statement No. 27, *“Accounting for Pensions by State and Local Governmental Employers”*, to conform with requirements of GASB Statement No. 43, *“Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans”*, and GASB Statement No. 45, *“Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions”*.

Implementation of these GASB Statements did not affect the presentation of the financial statements of the School District.

Note 3 – Restatement and Accountability

A. Restatement of Net Assets

The School District changed the capital asset threshold from five hundred to five thousand dollars resulting in a decrease in net assets. The change in net assets is summarized below:

	Governmental Activities
Net Assets at June 30, 2007	\$ 22,090,218
Decrease in Capital Assets	(1,043,868)
Restated Net Assets at July 1, 2007	\$ 21,046,350

The following is the change in capital assets:

	Capital Assets
Capital Assets Balance at June 30, 2007	\$ 18,697,882
Adjustment Due to Increase in Threshold	(1,043,868)
Capital Assets Balance at July 1, 2007	\$ 17,654,014

Revere Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

B. Fund Deficits

Fund balances at June 30, 2008 included the following individual fund deficits:

	<u>Deficit</u> <u>Fund Balance</u>
Nonmajor Governmental Funds:	
Food Service	\$ 149,892
Auxiliary Services	16,102
Title I	1,159
Miscellaneous Federal Grants	548

The deficits in these governmental funds resulted from adjustments for accrued liabilities. The general fund is liable for any deficit in these funds and will provide transfers when cash is required, not when accruals occur.

Note 4 – Budgetary Basis of Accounting

While the School District is reporting financial position, results of operations and changes in fund balance/net assets on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law and described above is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The Statement of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual, is presented for the general fund on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are that:

1. Revenues and other sources are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
2. Expenditures and other uses are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).
3. Encumbrances are treated as expenditures (budget) rather than as a reservation of fund balance (GAAP).

The following table summarizes the adjustments necessary to reconcile the GAAP basis statement to the budgetary basis statement on a fund type basis for the general fund.

Revere Local School District
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Net Change in Fund Balance

	General
GAAP Basis	\$ 698,523
Net Adjustment for Revenue Accruals	455,886
Advance In	255,158
Advance Out	(156,799)
Net Adjustment for Expenditure Accruals	(48,331)
Adjustment for Encumbrances	(1,212,537)
Budget Basis	\$ (8,100)

Note 5 – Deposits and Investments

State statutes classify monies held by the School District into three categories.

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the School District treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Board of Education has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

Protection of School District's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the Treasurer by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

Interim monies to be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;

Revere Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAROhio);
7. Certain banker's acceptance and commercial paper notes for a period not to exceed one hundred eighty days from the purchase date in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.

Investments in stripped principal or interest obligations reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the School District, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Custodial credit risk is the risk that, in the event of a bank failure, the School District's deposits may not be returned. According to state law, public depositories must give security for all public funds on deposit in excess of those funds that are insured by the federal deposit insurance corporation (FDIC) or by any other agency or instrumentality of the federal government. These institutions may either specifically collateralize individual accounts in lieu of amounts insured by the FDIC, or may pledge a pool of government securities valued at least 105% of the total value of uninsured public monies on deposit at the institution. The School District's policy is to deposit money with financial institutions that are able to abide by the laws governing insurance and collateral of public funds.

Cash on Hand At year end, the School District had \$100 in undeposited cash on hand which is included on the financial statements of the School District as part of equity in pooled cash and cash equivalents.

Revere Local School District
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Deposits At fiscal year-end, the carrying amount of the School District's deposits was \$2,084,765 and the bank balance was \$2,127,930. Additionally, \$23,386 was held by a fiscal agent for a coupon bond.

Of the bank balance:

1. \$200,000 was covered by depository insurance; and
2. \$1,927,930 was uninsured and uncollateralized. Although the securities serving as collateral were held by the pledging institution in the pledging institution's name, and all State statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the School District to a successful claim by the FDIC.

Investments

Investments are reported at fair value. As of June 30, 2008, the School District had the following investments:

Rating by Moody	Entity	Fair Value	Investment Maturities in months			Percentage of Total Investment
			(0-6)	(7-12)	(13-24)	
N/A *	First Merit - Repurchase Agreement	\$ 10,245,000	\$ 10,245,000	\$ 0	\$ 0	58.10%
AAAm**	STAROhio	410,052	410,052	0	0	2.33%
A1	Commercial Paper	995,325	995,325	0	0	5.64%
Aaa	Federal Home Loan Bank	2,992,647	0	999,312	1,993,335	16.97%
Aaa	Federal National Mortgage	1,989,365	0	0	1,989,365	11.28%
Aaa	Federal Home Loan MC	1,001,293	1,001,293	0	0	5.68%
		<u>\$ 17,633,682</u>	<u>\$ 12,651,670</u>	<u>\$ 999,312</u>	<u>\$ 3,982,700</u>	<u>100.00%</u>

* Underlying Securities are Exempt

** Rated by Standard and Poor's

Interest Rate Risk: The Ohio Revised Code generally limits security purchases to those that mature within five years of the settlement date. The School District's policy indicates that the investments must mature within five years, unless matched to a specific obligation or debt of the School District.

Credit Risk: The School District's investments credit ratings are summarized above.

Concentration of Credit Risk: The School District places no limit on the amount the School District may invest in any one issuer. Investments of the School District are diversified to eliminate the risk of loss resulting from over concentration of assets in a specific maturity; a specific issue or a specific class of securities, strategies to achieve this are determined and revised periodically. The investment percentages are listed above.

Note 6 - Property Taxes

Property taxes are levied and assessed on a calendar year basis while the school district fiscal year runs from July through June. First half tax collections are received by the School District in the second half of the fiscal year. Second half tax distributions occur in the first half of the following fiscal year.

Revere Local School District
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Property taxes include amounts levied against all real, public utility and tangible personal property (used in business) located in the School District. Real property tax revenue received in calendar 2008 represents collections of calendar year 2007 taxes. Real property taxes received in calendar year 2008 were levied after April 1, 2007, on the assessed value listed as of January 1, 2007, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar 2008 represents collections of calendar year 2007 taxes. Public utility real and tangible personal property taxes received in calendar year 2008 became a lien December 31, 2006, were levied after April 1, 2007 and are collected in 2008 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

Tangible personal property tax revenue received during calendar year 2008 (other than public utility property) represents the collection of 2008 taxes. Tangible personal property taxes received in calendar year 2008 were levied after April 1, 2008, on the value as of December 31, 2007. In prior years, tangible personal property was assessed at twenty-five percent of true value for capital assets and twenty-four percent of true value for inventory. The tangible personal property tax is being phased out – the assessment percentage for all property including inventory was 12.5 percent for 2007 and is 6.25 percent for 2008. This will be reduced to zero for 2009. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the School District prior to June 30.

House Bill No. 66 was signed into law on June 30, 2005. House Bill No. 66 phases out the tax on tangible personal property of general businesses, telephone and telecommunications companies and railroads. The tax on general business and railroad property will be eliminated by calendar year 2009, and the tax on telephone and telecommunications property will be eliminated by calendar year 2011. The tax is phased out by reducing the assessment rate on the property each year. The bill replaces the revenue lost by the District due to the phasing out of the tax. In calendar years 2006-2010, the School District will be fully reimbursed for the lost revenue. In calendar years 2011-2017, the reimbursements will be phased out.

The School District receives property taxes from Summit County. The Fiscal Officer periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2008, are available to finance fiscal year 2008 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and tangible personal property taxes which are measurable as of June 30, 2008 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred revenue.

The amount available as an advance at June 30, 2008, was \$1,991,546 in the General Fund, \$107,558 in the Debt Service Fund, and \$98,625 in the Permanent Improvement Capital Projects Fund.

Revere Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

On the accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue, while on a modified accrual basis the revenue has been deferred.

The assessed values upon which the fiscal year 2008 taxes were collected are:

	2007 Second Half Collections		2008 First Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$883,552,730	96.60%	\$915,302,890	97.51%
Public Utility Personal	18,320,130	2.00%	13,852,780	1.48%
Tangible Personal Property	12,783,628	1.40%	9,475,653	1.01%
Total	\$914,656,488	100.00%	\$938,631,323	100.00%
Tax rate per \$1,000 of assessed valuation	\$57.81		\$57.70	

Note 7 - Receivables

Receivables at June 30, 2008, consisted of taxes, accounts, intergovernmental grants and interfund. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. The intergovernmental receivable at June 30 consisted of Other Governmental Funds of \$216,982 related to federal grants.

Revere Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

Note 8 – Capital Assets

Capital asset activity for the fiscal year ended June 30, 2008, was as follows:

	Restated Balance 06/30/07	Additions	Reductions	Balance 6/30/08
Governmental Activities				
<i>Capital Assets, not being depreciated:</i>				
Land	\$ 1,900,942	\$ 0	\$ 0	\$ 1,900,942
Total Capital Assets not being depreciated	1,900,942	0	0	1,900,942
<i>Capital Assets, being depreciated:</i>				
Land Improvements	1,595,512	0	0	1,595,512
Buildings and Improvements	25,940,722	0	0	25,940,722
Furniture and Equipment	3,211,527	26,153	(31,358)	3,206,322
Vehicles	2,711,352	281,570	(177,925)	2,814,997
Total Capital Assets, being depreciated	33,459,113	307,723	(209,283)	33,557,553
Less Accumulated Depreciation:				
Land Improvements	(311,521)	(76,563)	0	(388,084)
Buildings and Improvements	(12,786,153)	(546,923)	0	(13,333,076)
Furniture and Equipment	(2,278,887)	(211,766)	31,358	(2,459,295)
Vehicles	(2,329,480)	(111,073)	177,925	(2,262,628)
Total Accumulated Depreciation	(17,706,041)	(946,325)	209,283	(18,443,083)
Total Capital Assets being depreciated, net	15,753,072	(638,602)	0	15,114,470
Governmental Activities Capital Assets, Net	\$ 17,654,014	\$ (638,602)	\$ 0	\$ 17,015,412

Revere Local School District
Notes to the Basic Financial Statements
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Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$ 615,632
Special	898
Support Services:	
Pupil	7,136
Fiscal	1,407
Operation and Maintenance of Plant	200,630
Pupil Transportation	105,674
Central	3,503
Operation of Non Instructional	11,445
Total Depreciation	\$ 946,325

Note 9 – Risk Management

A. Property and Liability

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. During fiscal year 2008, the School District contracted with a private insurance company for commercial property insurance and boiler and machinery coverage (\$55,862,827 blanket combined building and personal property, \$5,000 deductible), for commercial auto coverage (\$1,000,000 combined single limit for bodily injury and property damage with a \$5 million umbrella, \$500 comprehensive/\$1,000 collision deductible for vehicles, \$500 comprehensive/\$1,000 collision deductible for buses). Settled claims have not exceeded this commercial coverage in any of the past three years. There has been a slight increase in insurance coverage from the prior year.

B. Workers' Compensation

The School District pays the State Workers' Compensation system a premium based on a rate of \$.7757 per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

C. Employee Medical Benefits

Medical and prescription coverage is provided on a self-insured basis through Anthem Blue Cross, and Blue Shield of Ohio. The School District is responsible for payment of all claim amounts in excess of the employee payment percentages established in the plan document. Monthly premiums are as follows:

	Family	Single
Preferred Provider Organization (PPO) Base	\$ 1,142.94	\$ 441.26
Preferred Provider Organization (PPO) Enhanced	1,217.32	469.88

Revere Local School District
Notes to the Basic Financial Statements
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Dental coverage is provided on a self-insured basis through Anthem Blue Cross, and Blue Shield of Ohio. Monthly premiums are \$88.23 for family coverage and \$33.92 for single coverage. The School District is responsible for payment of all claim amounts in excess of the employee payment percentages established in the plan document.

The claims liability of \$524,199 reported in the internal service fund at June 30, 2008, is based on the requirements of GASB Statement No. 10, which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported. The claims liability is based on an estimate supplied by the School District's third-party administrator. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses.

Changes in the fund's claims liability amount in 2008 and 2007 were:

	<u>Beginning of Year</u>	<u>Claims</u>	<u>Payments</u>	<u>End of Year</u>
2007	\$ 448,973	\$ 2,265,100	\$ 2,230,191	\$ 483,882
2008	\$ 483,882	\$ 2,383,253	\$ 2,342,936	\$ 524,199

Note 10 - Pension Plans

A. School Employees Retirement System

The School District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by State Statute Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746, by calling (800) 878-5853, or by visiting the SERS website at ohsers.org, under forms and publications.

Plan members are required to contribute 10% of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14% of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2008, 9.16% of annual covered salary was the portion used to fund pension obligations. For fiscal year 2007 the amount was 10% and for fiscal year 2006 the amount was 10.58%. The contributions to SERS for pension obligations for the fiscal years ended June 30, 2008, 2007, and 2006 were \$387,735, \$361,954 and \$374,042, respectively; 50% has been contributed for fiscal year 2008 and 100% for the fiscal years 2007 and 2006. \$296,304 represents the unpaid contribution for fiscal year 2008, and is recorded as a liability.

Revere Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

B. State Teachers Retirement System

The School District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement system. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3771, by calling 1-800-227-7877, or by visiting STRS Ohio website at strsoh.org.

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB Plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on member contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DC Plan allows members to allocate their member contributions and employer contributions equal to 10.5% of earned compensation among various investment accounts. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. DC and Combined Plan members will transfer to the DB Plan during their fifth year of membership unless they permanently select the DC or Combined Plan. Existing members with less than five years of service credit as of June 30, 2001 were given the option of making a one time irrevocable decision to transfer their account balances from the existing DB Plan into the DC Plan or the Combined Plan. This option expired on December 31, 2001. Benefits are established by Chapter 3307 of the Ohio Revised Code.

A DB or Combined Plan member with five or more years credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of these active members who die before retirement may qualify for survivor benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

For the fiscal year ended June 30, 2008, plan members were required to contribute 10% of their annual covered salaries. The District was required to contribute 14%; 13% was the portion used to fund pension obligations. For fiscal year 2007, the portion used to fund pension obligations was also 13%. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employer contributions.

The School District's required contributions for pension obligations to the DB Plan for the fiscal years ended June 30, 2008, 2007, and 2006 were \$1,872,080, \$1,793,171 and \$1,735,942, respectively. Contributions to the DC and Combined Plans for fiscal year 2008 were \$31,803 made by the School District and \$30,288 made by the plan members. 83% has been contributed for fiscal year 2008 and 100% for fiscal years 2007 and 2006. \$323,296 represents the unpaid contribution for fiscal year 2008, and is recorded as a liability.

Revere Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

A retiree of STRS Ohio or another Ohio public retirement system is eligible for reemployment as a teacher following the elapse of two months from the date of retirement. Contributions are made by the reemployed member and employer during the reemployment. Upon termination of reemployment or age 65, whichever comes later, the retiree is eligible for an annuity benefit or equivalent lump-sum payment in addition to the original retirement allowance. Effective April 11, 2005, a reemployed retiree may alternatively receive a refund of member contributions with interest before age 65, once employment is terminated.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System of Ohio have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System of Ohio. As of June 30, 2008, three members of the Board of Education have elected Social Security and two members chose the School Employees Retirement System. The Board's liability is 6.2% of wages paid.

Note 11 - Postemployment Benefits

A. State Teachers Retirement System

The School District contributes to the cost sharing multiple employer defined benefit Health Plan administered by the State Teachers Retirement System of Ohio (STRS Ohio) for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS Ohio. Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. The Plan is included in the report of STRS Ohio which may be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

Ohio law authorized STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a portion of the health care cost in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. Of the 14% employer contribution rate, 1% of covered payroll was allocated to Health Care Stabilization Fund for the years ended June 30, 2008, 2007 and 2006. The School District's contributions for health care for fiscal years ended June 30, 2008, 2007 and 2006 were \$136,250, \$135,789 and \$136,719, respectively.

B. School Employees Retirement System

The School District participates in two cost-sharing multiple employer defined benefit OPEB plans administered by SERS for non-certified retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan included hospitalization and physicians' fees through several types of plans including HMO's, PPO's and traditional indemnity plans as well as a prescription drug program. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries up to a statutory limit. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The financial reports of SERS' Health Care and Medicare B plans are included in its *Comprehensive Annual Financial Report*. The report can be obtained by contacting SERS, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746 or by calling toll free (800) 878-5853. It is also posted on SERS' website at www.ohsers.org under *Forms and Publications*.

Revere Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

The Health Care Fund was established under, and is administered in accordance with Internal Revenue Code 401(h). Each year after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer 14% contribution to the Health Care Fund. At June 30, 2008, the health care allocation was 4.18%, at June 30, 2007 and 2006, the health care allocation was 3.32% and 3.42%, respectively. The District's contributions for the years ended June 30, 2008, 2007 and 2006 were \$176,936, \$120,169 and \$120,910, respectively.

An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2007 (the latest information available), the minimum compensation level was established at \$35,800. For the School District during fiscal year 2008 this amounted to \$56,160.

The Retirement Board, acting with the advice of the actuary, allocates a portion of the current employer contribution rate to the Medicare B Fund. For fiscal year 2008, the actuarially required allocation was .66% and for fiscal year 2007 the required allocation was .68%. The School District contributions for the fiscal years 2008 and 2007 were \$27,937 and 24,613, respectively.

Note 12 – Other Employee Benefits

A. Life Insurance

The School District provides life insurance to employees through the Ohio Schools Council, Anthem, in the amount of \$100,000 for administrators, twice the salary for the treasurer and superintendent capped as \$200,000 and \$30,000 for all other employees.

B. Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees, and administrators who are contracted to work no less than 11 months, earn 10 to 25 days of vacation per year depending upon length of service. Employees with 15 years of service or more may carry over 5 unused vacation days with written approval. Teachers and administrators who work less than 12 months do not earn vacation time.

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to 288 days for certificated employees and up to 280 days for classified employees. Upon retirement, School District employees receive one-fourth of total unused sick leave, up to the maximum, based on the number of credited service years.

Revere Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

C. Special Termination Benefits

Employees meeting the retirement requirements included in negotiated agreements, and the provisions of the retirement systems, receive a salary incentive when they retire from active service. Effective only for the 2008 fiscal year, those employees eligible to retire received \$12,000 for certified staff and \$9,000 for support staff.

Note 13 - Long - Term Obligations

The changes in the School District's long-term obligations during the year consist of the following:

	Outstanding 06/30/07	Additions	Reductions	Outstanding 6/30/2008	Amounts Due in One Year
Governmental Activities:					
General Obligation Bonds:					
1993 Improvement 5.62%	\$ 204,791	\$ 0	\$ 105,470	\$ 99,321	\$ 99,321
2003 Bond Refunding 2.00% - 5.25%	9,785,000	0	760,000	9,025,000	785,000
2003 Capital Appreciation Bonds	599,880	0	0	599,880	0
Accretion on Capital Appreciation Bonds	164,758	54,897	0	219,655	0
Unamortized Bond Premium	616,782	0	66,679	550,103	0
Total General Obligation Bonds	<u>11,371,211</u>	<u>54,897</u>	<u>932,149</u>	<u>10,493,959</u>	<u>884,321</u>
Capital Lease	107,372	0	107,372	0	0
Compensated Absences	<u>1,967,572</u>	<u>242,616</u>	<u>85,290</u>	<u>2,124,898</u>	<u>134,115</u>
Total Governmental Activities Long-Term Liabilities	<u>\$ 13,446,155</u>	<u>\$ 297,513</u>	<u>\$ 1,124,811</u>	<u>\$ 12,618,857</u>	<u>\$ 1,018,436</u>

1993 School Improvement

In 1993, the School District issued a combined total of \$17,978,667 in general obligation bonds for renovations and additions to three buildings in the School District. In 2003, the noncallable bonds were refunded leaving a balance of \$438,667 due December 1, 2008.

2003 General Obligation Bond Refunding

In 2003, the School District issued \$13,084,880 in bonds for the advance refunding of the remaining callable 1993 school improvement bonds.

The 2003 general obligation bonds include serial and capital appreciation bonds. The additions were \$54,897 which represents the annual accretion of discounted interest. The final amount of the capital appreciation bonds will be \$1,200,000.

General obligation bonds are direct obligations of the School District for which its full faith, credit and resources are pledged and are payable from taxes levied on all taxable property in the School District. General obligation bonds will be paid from the debt service fund. Compensated absences will be paid from various governmental funds, primarily the general and food service funds.

Revere Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

Principal and interest requirements to retire general obligation bonds outstanding at June 30, 2008 are as follows:

Fiscal Year Ending June 30,	General Obligation		Capital Appreciation		Total	
	Principal	Interest	Principal	Accretion	Principal	Interest/Accretion
2009	\$ 884,321	\$ 509,392	\$ 0	\$ 0	\$ 884,321	\$ 509,392
2010	1,030,000	361,488	0	0	1,030,000	361,488
2011	1,055,000	324,938	0	0	1,055,000	324,938
2012	1,095,000	283,306	0	0	1,095,000	283,306
2013	1,150,000	234,025	0	0	1,150,000	234,025
2014 - 2017	3,910,000	521,588	599,880	600,120	4,509,880	1,121,708
	<u>\$ 9,124,321</u>	<u>\$ 2,234,737</u>	<u>\$ 599,880</u>	<u>\$ 600,120</u>	<u>\$ 9,724,201</u>	<u>\$ 2,834,857</u>

Note 14 –Deferred Revenue

Deferred revenue as reported on the governmental fund balance sheet and statement of net assets at June 30, 2008 consisted of the following:

	Balance Sheet	Statement of Net Assets
Property Taxes Receivable	\$ 23,277,427	\$ 22,750,530
Grants Receivable	184,641	0
Deferred Revenue	<u>\$ 23,462,068</u>	<u>\$ 22,750,530</u>

Note 15 - Interfund Transfers

Transfers made during fiscal year 2008 were as follows:

Fund	Transfer In	Transfer Out
General Fund	\$ 0	\$ 145,000
Nonmajor Governmental Funds	145,000	0
Total	<u>\$ 145,000</u>	<u>\$ 145,000</u>

These transfers are made to move unrestricted balances to support programs and projects accounted for in other funds.

Revere Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

Note 16 - Interfund Balances

Interfund balances at June 30, 2008 consisted of the following:

	Interfund Receivable	Interfund Payable
General Fund	\$ 11,800	\$ 0
Nonmajor Governmental Funds	0	11,800
Total	\$ 11,800	\$ 11,800

Interfund receivables and payables resulted from the time lag between the dates that payments between funds are made. As of June 30, 2008, all interfund payables outstanding are anticipated to be repaid in fiscal year 2009.

Note 17 - Jointly Governed Organizations

A. Northeastern Ohio Network

The Northeastern Ohio Network (NEOnet) is a jointly governed organization comprised of 20 school districts. The jointly governed organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions for member districts. Each of the governments of these districts supports NEOnet based on a per pupil charge dependent upon the software package utilized. The NEOnet assembly consists of a superintendent or designated representative from each participating district and a representative from the fiscal agent. NEOnet is governed by a board of directors chosen from the general membership of the NEOnet assembly. The board of directors consists of a representative from the fiscal agent, the chairman of each operating committee, and at least one assembly member from each county from which participating districts are located. Financial information can be obtained by contacting the Treasurer at the Summit County Educational Service Center which serves as fiscal agent, located at 420 Washington Avenue, Suite 200, Cuyahoga Falls, Ohio 44221. During the year ended June 30, 2008, the District paid \$62,448 to NEOnet for basic service charges.

B. Cuyahoga Valley Career Center (Career Center)

The Cuyahoga Valley Career Center (Career Center), a joint vocational school, is a jointly governed organization operated under a nine member Board of Directors, consisting of one representative from each participating school district. The Board controls the financial activity of the Career Center. The Career Center receives no direct funding from the member school districts. The continued existence of the Career Center is not dependent on the School District's continued participation and no equity interest exists. Financial information can be obtained by writing to the Cuyahoga Valley Career Center, 8001 Brecksville Road, Brecksville, Ohio 44141.

Revere Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

C. The Ohio Schools Council (Council)

The Ohio Schools Council (Council) is a jointly governed organization among 89 school districts. The jointly governed organization was formed to purchase quality products and services at the lowest possible cost to the member districts. The Council sponsors an insurance purchasing plan in which the School District participates. Each district supports the Council by paying an annual participation fee. The Council's Board consists of seven superintendents of the participating districts whose term rotates every year. The degree of control exercised by any school district is limited to its representation on the Board. Financial information can be obtained by contacting Ohio Schools Council, Rockside Square, Building 2, 6133 Rockside Road, Independence, Ohio 44131.

Note 18 - Contingencies

A. Grants

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at year end.

B. Litigation

The School District is not currently a party to any significant legal proceedings.

Note 19 - Set-Asides

The School District is required by State statute to annually set aside in the general fund an amount based on a statutory formula for the purchase of textbooks and other instructional materials and an equal amount for acquisition and construction of capital improvements. Amounts not spent by year-end or offset by similarly restricted resources received during the year must be held in cash at year-end and carried forward to be used for the same purposes in future years.

The following cash basis information describes the change in the year end set-aside amounts for textbooks and capital acquisition. Disclosure of this information is required by State statute.

	Capital Improvement Reserve	Textbook Instructional Materials Reserve
Set-Aside Carryover Balance as of June 30, 2007	\$ 0	\$ (984,327)
Current Year Set-Aside Requirement	436,119	436,119
Qualifying Disbursements	(708,121)	(522,650)
Total	\$ (272,002)	\$ (1,070,858)

Revere Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

The School District had qualifying disbursements during the year that reduced the textbook reserve set-asides below zero. These extra amounts may be used to reduce the set-aside requirement in future fiscal years.

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**REVERE LOCAL SCHOOL DISTRICT
SUMMIT COUNTY**

**FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2008**

Federal Grantor/ Pass Through Grantor/ Program Title	Grant Year	Federal CFDA Number	Receipts	Non-Cash Receipts	Expenditures	Non-Cash Expenditures
<u>U.S. DEPARTMENT OF EDUCATION</u>						
<i>Passed Through the Ohio Department of Education:</i>						
Special Education - Grants to States	2007	84.027	\$ 57,501		\$ 91,455	
	2008		499,607		433,002	
Total Special Education - Grants to States			<u>557,108</u>		<u>524,457</u>	
Title I Grants to Local Educational Agencies	2008	84.010	59,630		60,940	
State Grants for Innovative Programs	2008	84.298	3,253		3,133	
Safe and Drug-Free Schools and Communities - State Grants	2008	84.186	6,220		5,701	
Education Technology State Grants	2008	84.318	62		610	
Improving Teacher Quality State Grants	2008	84.367	60,133		61,031	
English Language Acquisition Grants	2008	84.365	3,425		3,425	
<i>Passed Through the Brecksville-Broadview Heights City Schools:</i>						
English Language Acquisition Grants	2008	84.365	5,356		5,356	
Total English Language Acquisition Grants			<u>8,781</u>		<u>8,781</u>	
Total U.S. Department of Education			<u>695,187</u>		<u>664,653</u>	
<u>U.S. DEPARTMENT OF AGRICULTURE</u>						
<i>Passed Through the Ohio Department of Education:</i>						
Child Nutrition Cluster: National School Lunch Program	2008	10.555	89,644		89,644	
Total Child Nutrition Cluster			<u>89,644</u>		<u>89,644</u>	
Food Donation	N/A	10.550		\$37,511		\$37,511
Total U.S. Department of Agriculture			<u>89,644</u>	<u>37,511</u>	<u>89,644</u>	<u>37,511</u>
Totals			<u>\$784,831</u>	<u>\$37,511</u>	<u>\$754,297</u>	<u>\$37,511</u>

The accompanying notes are an integral part of this schedule.

**REVERE LOCAL SCHOOL DISTRICT
SUMMIT COUNTY**

**NOTES TO THE FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FISCAL YEAR ENDED JUNE 30, 2008**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Federal Awards Receipts and Expenditures Schedule (the Schedule) summarizes activity of the District's federal award programs. The Schedule has been prepared on the cash basis of accounting.

NOTE B - CHILD NUTRITION CLUSTER

Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first.

NOTE C – FOOD DONATION PROGRAM

Program regulations do not require the District to maintain separate inventory records for purchased food and food received from the U.S. Department of Agriculture. This non-monetary assistance (expenditures) is reported in the Schedule at the fair value of the commodities received.



Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Revere Local School District
Summit County
3496 Everett Road
Bath, Ohio 44210-0340

To the Board of Education:

We have audited the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of Revere Local School District, Summit County, Ohio, (the District) as of and for the year ended June 30, 2008, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 15, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the District's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the District's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the District's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the District's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

We noted a certain matter that we reported to the District's management in a separate letter dated December 15, 2008.

Compliance and Other Matters

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We did note a certain noncompliance or other matter that we reported to the District's management in a separate letter dated December 15, 2008.

We intend this report solely for the information and use of the audit committee, management, Board of Education, federal awarding agencies and pass-through entities. We intend it for no one other than these specified parties.



Robert R. Hinkle, CPA
Chief Deputy Auditor

December 15, 2008



Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Revere Local School District
Summit County
3496 Everett Road
Bath, Ohio 44210-0340

To the Board of Education:

Compliance

We have audited the compliance of Revere Local School District, Summit County, Ohio, (the District) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that apply to its major federal program for the year ended June 30, 2008. The summary of auditor's results section of the accompanying Schedule of Findings identifies the District's major federal program. The District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the types of compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing other procedures we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with those requirements.

In our opinion, the Revere Local School District complied, in all material respects, with the requirements referred to above that apply to its major federal program for the year ended June 30, 2008.

Internal Control Over Compliance

The District's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could directly and materially affect a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

101 Central Plaza South / 700 Chase Tower / Canton, OH 44702-1509
Telephone: (330) 438-0617 (800) 443-9272 Fax: (330) 471-0001
www.auditor.state.oh.us

A *control deficiency* in internal control over compliance exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent or detect noncompliance with a federal program compliance requirement on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to administer a federal program such that there is more than a remote likelihood that the District's internal control will not prevent or detect more-than-inconsequential noncompliance with a federal program compliance requirement.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that the District's internal control will not prevent or detect material noncompliance with a federal program's compliance requirements.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

We intend this report solely for the information and use of the audit committee, management, Board of Education, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.



Robert R. Hinkle, CPA
Chief Deputy Auditor

December 15, 2008

**REVERE LOCAL SCHOOL DISTRICT
SUMMIT COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2008**

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any other significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Special Education – Grants to States, CFDA # 84.027
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A:> \$300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	Yes

**2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None



Mary Taylor, CPA
Auditor of State

REVERE LOCAL SCHOOL DISTRICT

SUMMIT COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
FEBRUARY 12, 2009**